



PSC NEWS

Missouri Public Service Commission

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PSC AUTHORIZES GENERAL COUNSEL TO GO TO CIRCUIT COURT SEEKING TO PLACE OSAGE WATER COMPANY INTO RECEIVERSHIP

Jefferson City (December 10, 2002)---The Missouri Public Service Commission has determined that the owners of the Osage Water Company have effectively abandoned the system and therefore the company is unable to provide safe and adequate service to its customers. As a result, the Commission has authorized its General Counsel to go to circuit court to seek an order from the court attaching the assets of the Osage Water Company and appointing a receiver to take control of and responsibility for the company.

In addition, the Commission has also directed its General Counsel to seek a determination from the circuit court that the Osage Water Company should not be returned to its owners but rather should be liquidated by the receiver, acting in the best interest of the company's customers.

Based upon a thorough review of all of the evidence filed in this case, the Commission has determined that the Osage Water Company is an orphaned corporation with no means of long-term survival. It found that its owners no longer wish to be in business with each other. The Commission noted in its order that: "Osage Water (Osage Water Company) is teetering on the edge of an abyss. It has no money set aside to pay for major repairs to its system and no one is willing or able to put more money into the company in the event that such repairs are needed." This combination could mean that Osage Water Company customers suddenly find themselves without water or sewer service, with limited prospects for timely restoration of that service. Some Osage Water Company customers already had such an experience when they were without water service after a pump burned out in a well serving the Broadwater Bay subdivision in Osage Beach. The Commission expressed concern that a similar outage could be repeated at any time. "If there is another major outage," the Commission's order states, "Osage Water clearly will not have the financial resources required to make the needed repairs."

The Commission's order continues: "If Osage Water is again unable to make essential repairs to its system, its customers could be without essential services for an extended period. Obviously, absence of service is neither safe nor adequate service. Because of its desperate financial situation and the continuing conflict between its owners, Osage Water simply is not able to assure continued safe and adequate service to its customers."

Background: On October 7, 2002, the Staff of the Missouri Public Service Commission filed a complaint against the Osage Water Company alleging the owners of the company have abandoned the company and that there is an imminent danger that customers of the Osage Water Company will lose their water or sewer service. As part of its filing, the PSC Staff sought authority from the Commission to file a petition in circuit court seeking the appointment of a receiver to take over the control and responsibility of the Osage Water Company. The PSC Staff also asked that it be authorized to ask the circuit court to instruct the receiver to liquidate the company.

The Osage Water Company serves approximately 300 water customers and 250 sewer customers in Camden County.

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